

Maria C. Andrade-Stern
Senior Contract Administrator

Direct Dial: (202) 261-5396
FAX: (202) 728-0231
Mandrade@ui.urban.org

April 25, 2003

Mr. Bruce Gelband
Contracting Officer
USAID Kiev
19 Nizhnyi Val sr.
Kiev 254701 Ukraine

RE: Contract No. EEU-I-00-99-00015-00, TO No. 806
UI Project 06901-007, Moldova Local Government Reform Project
Quarterly Task Order Progress and Cost Report, January to March 2003

Dear Mr. Gelband:

Please find enclosed the *Quarterly Task Order Progress and Cost Report, January to March 2003, Moldova Local Government Reform Project*. This report is required by Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract.

In an effort to minimize cost and maximize efficiency in submitting this deliverable, we are planning to submit the report and the manual in soft copy only. We would be pleased to provide a hard copy of either or both documents, if requested.

Please direct any technical questions to Mr. Duane C. Beard, UI/Moldova, beard@lgrp.md, (3732) 234-722. Questions of a contractual nature should be addressed to me at 202-261-5396.

Sincerely,



Maria C. Andrade-Stern

Enclosures

cc: Bill Schlansker (USAID/Moldova)
Mr. Mike Keshishian (USAID/W)
Mr. Duane C. Beard (UI/Moldova)
USAID Development Clearinghouse
IAC Deliverables File (06901-007)
IAC Chron File

**QUARTERLY TASK ORDER
PROGRESS AND
COST REPORT**

JANUARY TO MARCH 2003

**MOLDOVA LOCAL
GOVERNMENT REFORM
PROJECT**

Prepared for



Moldova Local Government Reform Project
United States Agency for International Development
Contract No. EEU-I-00-99-00015-00, Task Order No. 806



THE URBAN INSTITUTE

2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

Prepared by

Duane C. Beard
Chief of Party
The Urban Institute

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UI Project 06901-007

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QUARTERLY TASK ORDER PROGRESS AND COST REPORT

JANUARY TO MARCH 2003

MOLDOVA LOCAL GOVERNMENT REFORM PROJECT

Contract and Task Order No.:	EEU-I-00-99-00015-00, Task Order No. 806
Date of Issuance:	February 1, 2000
Amount Obligated Under Task Order:	\$3,923,004
Total Potential Task Order Amount:	\$4,999,793
Dollars Expended To-date:	\$3,315,959
Key Personnel:	Duane C. Beard, UI Moldova, Chief of Party, Tel: +3732-233-000, E-mail dbeard@lgrp.md

Task Order Description

In February 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a five-year local government project in Moldova. The project aims to support the government's reform agenda with training and technical assistance (TA). Specifically, the project is working to increase the amount and control of revenues for local governments, improve municipal services management, develop institutional support for local government and municipal services and improve strategic planning in local governments.

I. HIGHLIGHTS

- Mr. William Schlansker, LGRP Cognizant Technical Officer (CTO), made several field visits to LGRP aimed at further on-site familiarization with the LGRP and for review of the Project's accomplishments thru the end of the program year. The CTO requested a thorough review and proposed revisions of performance indicators and the work program. During the latest visits, Mr. Schlansker has visited LGRP partner localities—Ialoveni, Balauresti, Floresti and Ungheni.
- LGRP welcomed 12 new LGRP partner jurisdictions for PY 2003 and conducted a ceremony with formal signing of Statements of Cooperation. Mr. Mark Levinson, USAID Deputy Country Program Officer, represented the Mission and briefed the audience of approximately 30 mayors on USAID assistance provided to Moldova, as well as on anticipated future

- cooperation between the governments of Moldova and the US through the support of US Agency for International Development.
- A two-week Training of Trainers (ToT) seminar on the Manual for Efficient Water Supply Operations (MEWSO) was delivered in Chisinau for leading specialists and potential trainers in the water and wastewater field in Moldova. 25 specialists participated in the first week. From among the initial group, 12 participants were invited to continue the second, more intense stage of training of trainers during week 2. Ultimately, 12 future trainers successfully completed the Training of Trainers program and were certified as trainers.
 - At the invitation of USAID CTO William Schlansker, LGRP sponsored a study tour to Ukraine to review several local government related USAID projects during the week of February 24 through 28. The Vice-Rector and three other faculty members of the Academy of Public Administration participated, as well as the LGRP Team Leaders and two members of the Municipal Services team. The Moldova group was led by the Chief of Party and visited projects in Kiev and Cherkassy as well as the USAID Regional Mission for Ukraine, Belarus and Moldova. The study tour was inspired by Bill Schlansker, CTO, USAID/Kiev and was aimed at seeking to apply the “lessons learned” and techniques developed in Ukraine to the work of LGRP in Moldova. A key follow-up meeting to the Ukraine Study Tour was held in March at the Academy of Public Administration with participation of Rector M. Platon and other representatives of the Academy. Discussions of future cooperation based on the study tour are ongoing.
 - A Statement of Cooperation was signed with the Social Investment Fund of Moldova (SIFM-funded by the World Bank). The provisions of the document outline a collaborative initiative between LGRP and SIFM in developing the capacities of the smaller communities to engage in strategic planning and implementation.
 - All LGRP staff members participated in LGRP’s first Staff Retreat devoted to the internal assessment, update and revision of the LGRP work program for 2002 to 2004. Efforts focused on both update/revision of the work program and on development of a longer-term perspective for local government reform in Moldova. The staff retreat also focused on needs/opportunities for future staff development. It was agreed this topic is very worthy of additional future attention.
 - The pilot/test delivery of the MEWSO training to local officials was conducted for management personnel from five water utilities in Moldova (Soroca, Stefan Voda, Cahul, Orhei & Floresti) by the Municipal Services team, together with STAs A. Popelka, Engineer/Technical; A. Boer Accounting/Finance; L. Tverdun, Training/Development Specialist and a number of newly trained CCN trainers.
 - The Fiscal Decentralization team organized and successfully conducted the fourth LGRP Financial Applications Users’ Group quarterly meeting at the Academy of Public Administration. This two and a half day event included the “Graduation” of LGRP partners from “Rounds III and IV” to the Users’ Group. A number of very useful sessions were conducted including topics such as: public procurement and tax reform.



II. PROGRESS OF MAJOR ACTIVITIES

Policy and Legislation

The translation into English language of the Draft Municipal Services Source Book prepared by Dr. Mocanu, CCN attorney of the LGRP technical contractor Viitorul/IDIS has been completed. When the book is proofed and in a "print ready" format, bids will be sought for printing and it will be printed (or copied) and distributed to LGRP partners and other local governments. This book will be a "ready reference" for municipal officials summarizing all current laws and regulations governing provision of municipal services in Moldova. Future annual supplements are envisioned.

Exploration of an effort tentatively designated as the "municipal rule-of-law initiative" has been commenced. A meeting between the CoP, Democracy and Governance Team Leader, the Chair of the Association of Mayors and Local Communities of Moldova (AMLCM) and a Peace Corps Volunteer Attorney was held aimed at outlining the concept of a cooperative approach to the provision of key legal advice to local officials. It was stressed that in order to act in accordance with law, local officials must be aware of the requirements and applicability of the various municipal laws. This means that the officials will have an ongoing need to for legal advice. This is in many ways a new notion for Moldova because smaller communities do not have access to legal advice and must therefore rely on interpretations by the central government. Clearly, local governments are placed at a disadvantage when central and local governments interests are not co-terminus. An outline of major components of this concept was developed, which includes *inter alia*, the organizational structure, resources needed and operational procedures. Also a flowchart of legal inquiries was preliminarily defined. It was agreed that legal advice to local officials would be more sustainable if performed thru an organization such as the AMLCM from the very beginning.

The Fiscal Decentralization team reviewed the initial experience with the trial dissemination of its model revenue sharing agreement and decided to distribute the model agreement widely to all LGRP partner jurisdictions. This distribution will be deferred until all decisions on implementation of the Raion system of territorial administration are final. It may be necessary to modify the model agreement somewhat pending the actual final provisions of the relevant enabling legislation.

Capacity Building—Training and Technical Assistance

Led by the Fiscal Decentralization team, LGRP organized and conducted ceremony and reception for the official signing of "statements of cooperation" with 12 newly selected LGRP Local Government Partner jurisdictions from different regions of Moldova. Mr. Mark Levinson, USAID Deputy Country Program Officer, was the main speaker for the event. Mr. Levinson congratulated the new partners and briefed the audience of approximately thirty mayors on USAID assistance provided to Moldova. Mr. Levinson also outlined anticipated further cooperation between Moldova and the US Government through USAID.

Following this initial event with the new cohort of communities, in January 2003, the Fiscal Decentralization team initiated its now well established program of training and technical assistance for newly selected local government partner specialists as per the LGRP Work Program (Round V of Fiscal Decentralization Training). This includes the complete two and one-half weeks of the classroom training



program in office automation (introduction to microcomputers) and financial management conducted by LGRP specialists at the Academy of Public Administration.

For Round V, the Fiscal Decentralization team introduced a new element of training in collaboration with the 12 new partners. The new element was the development and implementation of a design for a community based computer skills training program to follow-up the introductory course in the basic use of microcomputers. This community-based element of the training program presumes training in basic use of microcomputers covering such topics as operational system Windows, MS Word and MS Excel. It is offered onsite in each community and taught by a qualified local computer science instructor. The instructor is secured by the city administration of each respective jurisdiction in accordance with LGRP guidelines. The Fiscal Decentralization team has developed and submitted to each local government partner a set of instructions describing the way to organize the training, including instructor selection criteria, etc. The delivery of these training events is supported by LGRP. It is felt that the new element is a very cost-effective way to consolidate and reinforce the gains made during the initial training.

In addition, to the classroom and community training the Fiscal Decentralization team provided further onsite training, consulting and technical assistance to local government Partners. Such services are comprised of development, installation and demonstration of Excel spreadsheets developed by the team and relevant to planning of budgetary revenues and expenditures, as well as recording actuals. At the same time, the respective accountants and financial officers were trained on other applications as well, such as: payments for kindergartens, inventory supply, issuance of payment orders, etc. In addition, a special training on multi-media presentations using PowerPoint was provided to the town of Ialoveni. Onsite training and technical assistance was provided to local finance officers in Calarasi, Antonesti, Leova, Singerei and Floresti.

The Fiscal Decentralization team organized and successfully conducted the fourth LGRP Financial Applications User's Group Meeting. According to the LGRP long-term strategy of seeking to create a single organization for local government finance officials, the leadership of League of National Accountants and Economists was invited to be present and to talk about existing difficulties in public finance sector. Attendance at the User's Group meeting is gradually increasing. Thus, at this event for the first time, the Users' Group was split into two sub-groups for sessions such as "Use of Internet Resources".

The Municipal Services team together with CCN (Cooperating Country National) Training and Development Specialist, and STA (Short Term Advisors) Andrew Popelka and Augustin Boer successfully organized and completed the two-week ToT seminar on the *Manual for Efficient Water Supply Operations*. This effort resulted in very positive feedback from participants. 12 specialists were selected as potential trainers for the future training rollout of the Manual of Efficient Water Supply Operations training program for Moldovan water utilities. A follow-up review and evaluation of the ToT based on the Manual for Efficient Water Supply Operations (MEWSO) was conducted. Suggestions and feedback on the Manual for Efficient Water Supply Operations (MEWSO) from the participants in the ToT workshop were collected and processed and initial modifications have been made to the draft Manual for Efficient Water Supply Operations and to the related training materials.

The Municipal Services team met with Dr. Ungureanu, Dean of Water and Sewerage Department from the Technical University of Moldova, who presented some valuable comments on *Manual for Efficient*



Water Supply Operation. Dr. Urgureanu also has suggested adding a separate chapter on Water Quality and ISO 9,000 standards for drinking water. The initial reactions were that this additional chapter seems a very good idea. Another meeting on *Manual for Efficient Water Supply Operations* was held with Professor Sergiu Calos, Head of Water and Wastewater Chair from the Department of Architecture and Urbanism of the Technical University of Moldova. Many valuable comments and observations on the manual have been collected and incorporated into the several training materials and handouts to be used in further trainings.

An updated/revised working draft of the Manual for Efficient Water Supply Operations was prepared for the pilot delivery of MEWSO training. This version included information based on suggestions and feedback from the ToT participants. The training design and all organizational and logistic arrangements were completed before the pilot training together with the CCN participants. 19 top-management specialists from 5 water utilities (Orhei, Soroca, Cahul, Stefan-Voda, and Floresti) attended the 3-day training event. The reason for selecting these communities for the initial delivery was that these communities have been tentatively identified as the first potential beneficiaries of World Bank water system infrastructure loans. It is tentatively planned that the MEWSO trainings will be delivered each month for specialists from five additional water utilities. It is further intended that a more basic version of the MEWSO training program be developed for village-level public water supplies. There have been preliminary discussions with World Bank consultants about collaborating with a small community element of the upcoming World Bank water infrastructure loan that will provide small grants (maximum \$200K USD) to villages. It appears that the existing collaboration between the Swiss Agency for Development and Cooperation and LGRP may serve as a sort of model for the World Bank village effort, i.e., the World Bank will provide the infrastructure investment resources and LGRP would provide the resources for training and technical assistance in water utility management, operation and maintenance.

A Statement of Cooperation was signed with the Social Investment Fund of Moldova (SIFM). Based on this document LGRP will provide strategic planning assistance in two localities, Zberoaia, Ungheni County and Molesti, Chisinau County. This effort will be part of a joint initiative for developing the capacities of the rural communities to engage in strategic planning and implementation. Out of an initial 250 competing villages, 16 localities have acceptable strategic plans available (including 4 prepared with assistance from LGRP—Molesti, Zberoaia, Calfa & Visoarra). From these, SIFM will select 7 for receiving grants of up to \$75,000 from the government of Japan for implementing micro-projects from the community strategic plans. Two of LGRP's strategic planning workshops (in municipalities of Molesti and Zberoaia) were carried out in accordance with the SIFM/LGRP Statement of Cooperation. This new effort to broaden LGRP cooperation with other donors resulted from suggestions the USAID CTO Bill Schlansker and has potential to be the initial step in greater collaboration between SIFM and LGRP.

As part of the cooperation with SIFM, Democracy and Governance specialists and trainers/facilitators observed strategic planning workshops conducted by SIFM in the village of Scoreni (Chisinau judet), Varnita (Tighina judet) and Hasnasenii Noi (Balti). Since LGRP has entered into a Statement of Cooperation with SIFM in the area of strategic planning, it was useful to learn more about the SIFM approach to community strategic planning. The SIFM strategic planning approach is of Danish origin. In the opinion of LGRP personnel, there are pluses and minuses of each model. However, overall the main thrust of the SIFM approach does not vary greatly from that of the "Bryson Model" currently utilized by LGRP.



The beginning of the year 2003 for the LGRP was marked by two additional public hearings conducted in January. A formal public budget hearing was convened in the community of Rosu (Cahul Judet). It is worthy of particular notice that at the public hearing on strategic plan, which took place in December 2002 some citizens, expressed a request for convening a public meeting on how public money is used in their community. Subsequently, local authorities decided to convene a public hearing to solicit citizens' input on improving the financial capacity of community and on provisions of the draft budget for 2003. Another public hearing already on the strategic plan update was conducted in the municipality of Anenii-Noi.

A continuing discussion at the staff level of the need to find realistic ways to assist communities in implementing their strategic plans has led to an intent to analyze in greater depth the linkages between planning and implementation. Thus work has been initiated on a draft policy paper analyzing the need for and benefits of linkages between community strategic planning and social investment and community re-investment programs. An outline has been prepared and work is progressing. This initial outline included some consulting with K. Cartwright of UI/HQ who is involved with a Community Action Investment Program (CAIP) in Central Asia. The first draft of the paper should be submitted for internal peer review by mid-April.

During this reporting period, a concept for a series of quarterly meeting mayors from LGRP Local Government Partner communities has been developed. Initially it is felt that this meeting will be analogous in some ways to the meetings of the Financial Applications Users Group. One aspect that LGRP intends to discuss with assembled mayors is the idea advanced by the USAID CTO of seeking to achieve more cooperative, effective action among the several mayors associations in Moldova. Another topic will be an orientation session for new partners on the community strategic planning process and the process of conducting public hearings.

Fiscal Decentralization Specialists continued preparing and disseminating weekly electronic newsletters to all LGRP partner communities. These newsletters informed government officials concerning latest legislative amendments relevant to local governments as well as current and upcoming LGRP activities such as users group meetings, competition sessions (a form of training) to be organized during the user's group meeting, public hearings on budget, etc.

Targeted Assistance in Strategic Areas

The LGRP CoP and the Team Leaders participated in a LGRP/APA joint briefing for senior staff members of the APA on the recently completed study tour to Kiev & Cherkasy, Ukraine. The training pattern for local officials developed in Ukraine and the potential of exploring this adapting this experience and available training modules into Moldovan practice was of a specific interest. Based on the presentation, an outline of a larger perspective of common activities with the APA was developed. From this perspective joint activities can be divided into two categories: 1 short-term (*February 2003 and January 2004*) for the current project year 2, long-term (*February 2004 and hence*). Activities listed in this latter category are not currently budgeted and joint efforts by APA and LGRP would be required to identify and mobilize the resources needed for implementation.



The Fiscal Decentralization team initiated the process of procurement of the final lot of office automation equipment to be provided to newly selected LGRP Local Government Partners. This equipment is now in hand and current plans include each team member traveling to four partner communities. This approach will enable efficient installation of equipment, immediate operational testing and delivery of final on-site instructions.

Following up on a meeting with Mr. Iurie Nistor, the Executive Director of "Moldova Apa-Canal" Association in which some future strategic issues were discussed, a Statement of Cooperation was signed with this organization. In accordance with this Statement LGRP provided basic office equipment including fax, micro-computers, printers, slide-projector, etc., needed for "institutional strengthening" of the association to enhance its advocacy capacity and its training role for municipal water utilities. Also based on the same Statement of Cooperation, this organization delivered comments, suggestion and ideas to the first draft of MEWSO and an additional chapter on legislative-normative framework in the area of water and wastewater operations in hard and electronic copies in Russian. This deliverable will be translated into English and Romanian languages, reviewed by the CoP and Municipal Services team and incorporated into the next draft of MEWSO.

In the context of revenue enhancement and improved urban development, the Mayor of Ialoveni raised the issue of municipal land auctions and the potential for LGRP to provide some level of technical assistance in this respect. In response, the Democracy and Governance Team Leader and the CoP conducted some initial research and met with a highly qualified CCN lawyer who is an expert in municipal law. The Mayor of Ialoveni expressed his desire/intention to launch in the near future public auctions on municipal land. In the current difficult financial situation that all municipalities face, this kind of entrepreneurial activities seems to be perceived as a potentially significant source of finance for the local budgets. Further, moving un-needed land resources from the public to the private sector must be considered generally a beneficial phenomenon. In addition to the legal and procedural issues to be considered, careful consideration must be given to the range of appropriate uses for the "one-time" revenues. LGRP will ask the CCN lawyer to conduct a review of legal context that enables land auctions and based on this to consider development a sound and transparent approach within current legal framework.

The Democracy and Governance Team Leader together with the CoP participated in a meeting of the Association of Mayors of Gagauzia, a recently founded civil society organization in the southern Gagauz Autonomous Region of Moldova. The CoP briefed the membership concerning the recently signed Statement of Cooperation and outlined follow-up activities, which will require active participation of the several mayors. The mayors proved to be very interested in the proposed activities and addressed questions to the CoP related to different aspects of technical assistance in the realm of local government reform.

During this reporting period the final versions of the Statement of Cooperation for creation of community newsletters in partnership with the Mayor's Office were prepared in both English and Romanian languages. In March 2003 a Statement of Cooperation was signed with the CSO "Junii" from Edinet for the project of creating community newsletter in partnership with the Mayor's Office from Edinet. The CSO already started editing the newsletter named "Vocea Comunitatii" ("Voice of Community") and submitted copies of the first two issues of the newsletter to the LGRP office.

General activities

A combined group of LGRP personnel and representatives from the Academy of Public Administration took part in a study tour to Ukraine during this reporting period. The idea of the visit was inspired by Mr. W. Schlansker, CTO, USAID/Kiev aimed at helping Moldova learn from similar USAID projects in Ukraine. The schedule included visits of Research Triangle Institute (RTI) and Community Partnership Program (CPP) in Kiev and the CPP Regional Training Center (in Cherkasy). The visit proved to be extremely useful. LGRP and APA representatives had the chance to learn about the numerous training package activities available in Ukraine, the community strategic planning cycle, citizen participation techniques and other issues related to the democracy and governance realm. As a result, personal contacts were initiated and an expanded set of very valuable resource materials was collected.

One of Municipal Services team member helped organize the visit of a delegation from the North Carolina/Moldova Partnership to one LGRP Local Government Partner (the community of Singera), on March 15. The delegation, headed by the Chief Deputy Secretary of State, Rodney Maddox visited the Singera town hall, the primary schools and preschool institutions in all three settlements of the Singera municipality. The delegation also met with the leading charitable NGO of the community that is headed by a member of the Singera community strategic planning working group. The delegation members explored ways and means they might be able help with implementation of the Singera community strategic plan, namely, donation of books and computer equipment, radio station equipment, teaching materials, etc. Further communication/collaboration between Singera and the North Carolina group will be facilitated by LGRP.

A complete set of documents that have resulted from the community strategic planning assistance provided to Antonesti village was prepared and submitted to Mark Levinson, of the Chisinau USAID Mission. The package included the original Strategic Plan for the socio-economic development of the village of Antonesti, the Report on the first year of strategic plan implementation as submitted by the Mayor of Antonesti Anatol Sirbu, the updated Strategic Plan, a report on the Public Hearing on the updated Strategic Plan in Antonesti and the Decision of the Antonesti Local Council officially adopting the Strategic Plan. The purpose of this effort was to help enable Mr. Levinson to utilize the LGRP/Antonesti experience in designing a potential upcoming USAID community small grants program

The Democracy & Governance Team Leader, other team specialists and the CoP attended a round table organized by Viitorul Foundation and the National League of Associations of Mayors entitled "Successes and Deficiencies in Local Governance in Moldova". The event was cosponsored by the Soros Foundation Moldova and gathered scholars and practitioners in public administration from Moldova as well from Romania, Poland and Slovakia. There were four sessions: (i) Models of local autonomy and their feasibility in Central and Eastern Europe, (ii) Fiscal decentralization and local financial autonomy, (iii) The role of municipal associations in developing local public policy and (iv) Local economic development: problems and solutions. The colloquium lasted two days.

The Democracy and Governance team leader together with the CoP participated in a meeting of community development practitioners all of whom are focused on development in Moldova at the community level. The venue was held on the premises of the British Embassy in Chisinau and was aimed at sharing the information among donor implementers operating in the realm of community development. In



total 6 donor implementer organizations were present: LGRP, Social Investment Fund, UNDP Project Local Agenda-21, Soros Project Contact Center and the Project Landell Mills and Center ADEPT. Areas of common interest were identified and ways of potential cooperation and collaboration among donor implementing partners were outlined for future exploration.

Along with the CoP and Training Specialist, Economic Development Advisor met with Silvia Bicenco, Program Manager for Economic and Organizational Development (EOD) (Peace Corps Moldova) to discuss different avenues of collaboration. It was agreed that LGRP, coordinated by the LGRP Development Advisor would create a report containing recommendations regarding potential future sites for incoming Peace Corps economic development Volunteers in LGRP partner communities. It is LGRP's hope that these volunteers serve as liaisons to help implement LGRP partners' strategic plans. There is also potential for LGRP staff to take part in presentations to the new volunteers concerning local government reform in Moldova at their pre-service training that will occur in September 2003.